

Appendix 2: Internal Audit Plan 2014/15

Dept	Council activity and focus of audit work	Work type *	Status as at 12 June 2015 (Changes shown in bold)	Corporate Risk No #
Managing the Business				
Excellent: Deliver cost effective, targeted, services that meet the identified needs of our community				
All	Ethical Governance To assess whether the council has appropriate policies and guidelines communicated to staff to uphold required ethical standards	Fraud Risk	Completed June 2015.	3
All	Management Information Quality To assess the accuracy and usefulness of information on which management rely to make decisions		Draft report being produced.	3
All	Contract Management Framework To assess the adequacy of the Council's contract management framework	Core	Completed November 2014.	1
All	Compliance with Contract Procedural Rules – Proactive Fraud Work To assess whether services could produce tender and contract documentation to support spend in 10 randomly selected areas	Core	Completed November 2014.	1
All	Corporate Assurance Framework: Officer Groups To assess whether key groups receive robust updates on delivery of key programmes and effectively challenge delivery		Completed March 2015 as part of the audit planning process.	1
Key Financial Systems				
Excellent: Deliver cost effective, targeted, services that meet the identified needs of our community				
	To assess whether the key controls in each of the key financial systems effectively prevent or detect material errors on a timely basis to ensure that the financial statements are not materially incorrect.	Fraud Risk		1 & 5

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CS	Accounts Payable (Creditors)		Completed June 2015.	
CS	Accounts Receivable: General and Social Care Debtors		Completed June 2015.	
CS	Business Rates		Completed June 2015.	
CS	Cash Receipting and Banking (Income)		Completed June 2015.	
CS	Council Tax		Completed June 2015.	
CS	General Ledger (Main Accounting System)		Completed June 2015.	
CS	Housing Benefit		Completed June 2015.	
CS	Payroll		Completed June 2015.	
CS	Treasury Management		Completed May 2015.	
CS	Payroll Improvement Project To work with officers as they re-vamp payroll administration processes	In year risk	Interim feedback provided: <ul style="list-style-type: none"> September 2014 March 2015 	See above
CS	Teachers' Pensions To work with newly-appointed Payroll staff to ensure they fully understand the required controls and actions recommended by external audit	In year risk	Completed August 2014.	1 & 3
CS	Housing Benefit To work with officers as the quality assurance processes are strengthened	In year risk Core	Completed as part of Housing Benefit audit above.	1 & 5
Managing Service Delivery Risks				
Safe: Continue to reduce crime, disorder and anti-social behaviour				
PL	Licensing To assess whether licence applications are effectively and promptly processed and all due income is received	Core (R1) Fraud Risk	Draft report being discussed with Head of Service.	3
PL	Parking Enforcement To provide an independent challenge to the service review of how the contract in this area is being managed in preparation for retendering the work. <i>(Focus of the review amended)</i>	Core (R2) Fraud Risk	Report issued February 2015.	3

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Clean: Ensure a well maintained and attractive street scene, parks and open spaces				
CS	Asset Management To assess whether there is robust management of counter parties to leases to ensure they adhere to lease terms and conditions	Core (R1) Fraud Risk	Deleted from annual plan following reduced number of auditor days due to Business Support Officer vacancy.	1 & 3
PL	Bridge Maintenance, Ad Hoc Footways and Carriage Maintenance, and Highways New Works Contracts To assess whether a sample of contracts are being effectively managed in the Transport and Highways team.	In year risk Core (R2) Fraud Risk	Completed December 2014.	1 & 3
Clean: Where possible minimise our impact on the natural environment				
PL	Waste Management – Waste Processing Plant To assess the effectiveness of contract management arrangements <i>Refer Contract Management audit below</i>	Core (R1) Fraud Risk	Rescheduled for 2015/16. See Contract Management audit under Excellent Aim below for replacement review.	3
Healthy: Continue to improve outcomes for vulnerable children and adults				
PE	Social Care Packages: Panel Decisions To assess whether decisions by officer panels on whether to award social care packages are robust	Core (R1) Fraud Risk	This is the Social Care Packages audit that has been deleted (previously reported that only one of these two audits would be completed this year).	3, 5 & 6
PE	Social Care Packages: Direct Payments, Financial Monitoring and Follow Up of Mental Health Report To assess whether direct payments made are: <ul style="list-style-type: none"> • accurate • used for their intended purpose 	Core (R2) Fraud Risk	Completed June 2015.	3, 5 & 6
PE	OFSTED Inspections of Children’s Social Care Services and schools To assess whether any required improvements required by OFSTED inspections are effectively managed	Core (R1)	Completed May 2015.	8 & 10

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PE	<p>Children's Social Care Services – File Audit Framework</p> <p>To understand and assess the effectiveness of internal quality assurance and challenge processes</p>	Core (R1)	Completed December 2014.	3, 5, 6 & 10
PE	<p>Pupil Premium</p> <p>To assess whether schools have robust strategies and plans to effectively use pupil premium money and report on its use and outcomes</p> <p><i>Sample of schools covered selected on a risk basis, and delivered through separate schools audit programme (below)</i></p>	In year risk	Completed May 2015.	8
PE	<p>Education, Health and Care Plans</p> <p>To assess whether service areas are effectively working together to develop newly required Education and Health Care Plans (that replace Special Educational needs statements)</p>	Core (R2)	Completed May 2015.	5 & 6
PE	<p>Troubled Families Intervention</p> <p>To challenge Troubled Families Grant returns in line with Department for Communities and Local Government requirements</p>	Grant Claim	Claims reviewed: <ul style="list-style-type: none"> • August 2014 • October 2014 • February 2015 	5
PE	<p>Safeguarding: Serious Case Review Action Plan Implementation (Baby AR)</p> <p>To assess whether the actions agreed, for Council departments, have been implemented and are now effectively embedded into the day to day operation of the service</p>	Core (R1)	Completed December 2014.	3
PE	<p>Safeguarding Reviews, Action Planning Workshop</p>	In year risk Core (R1)	Completed July 2014. Workbook produced for, and training provided to support, staff when writing action plans following a serious case review.	3
PE	<p>Serious Case Review, Action Planning</p>	Core (R1)	Completed November 2014. Worked with the LSBC Case Review Panel to develop an action plan from the serious case review report.	3

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Healthy: Support Southend to be active and alive with sport and culture				
PL	<p>Library Services</p> <p>To assess whether the new model of delivery is working effectively including recruiting and retaining sufficient volunteer capacity and managing branch libraries</p>	In year risk (R3)	Deleted from annual plan following reduced number of auditor days due to Business Support Officer vacancy.	3
PL	<p>The Forum Governance Arrangements</p> <p>To assess whether appropriate arrangements, processes and agreements are in place or being developed, to establish and then manage the new shared central library building known as the Forum</p>	In year risk	Completed December 2014.	1 & 3
Healthy: Reduce inequalities and increase the life chances of people living in Southend				
PE	<p>Reablement</p> <p>To assess whether there is a robust re-ablement strategy and processes to manage its delivery</p>	Core (R1) Fraud Risk	Completed June 2015.	3, 5 & 6
PH	<p>Public Health, Patient Group Directions</p> <p>To assess whether there are robust controls to ensure Patient Group Directives:</p> <ul style="list-style-type: none"> • are properly developed and authorised for use • payments are accurate 	Core (R2) Fraud Risk	Completed April 2015.	6
CS	<p>Essential Living Fund</p> <p>To assess whether there are robust procedures in place for the accurate, consistent, timely and appropriate award of grants from the Essential Living Fund and that arrangements to monitor expenditure against the fund are effective</p>	Core	Work in progress.	1 & 5

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Prosperous: Encourage the education, economy and prosperity of Southend and its residents				
All	Welfare Reform To assess whether there is clear understanding and management of the impacts of welfare reforms introduced to date and readiness for future reforms	In year risk	Completed June 2015.	1 & 5
PE	Schools Audit Programme: Finance Management and Governance	Fraud Risk	See below for details. This programme of work is funded by schools directly and resourced through the framework contract.	8
Prosperous: Enable well-planned quality housing and developments that meet the needs of Southend's residents and businesses				
PL	Development Control To assess whether planning applications are effectively and promptly processed and all due income is received	Core (R1) Fraud Risk	Draft report produced.	7
PL	Building Control – Proposed Essex-wide Community Interest Company (CIC) To work with officers to assess the potential financial and operational benefits and risks for the Council joining the proposed community interest company.	In year risk	Feedback provided in October 2014 on initial proposals.	1
PL	Traffic Regulation Orders To assess whether Traffic Regulation Orders are developed in line with statutory requirements and implemented effectively	Core (R2)	Completed May 2015.	1 & 3
PL	Capital Project Management To assess whether there robust arrangements to deliver individual capital projects effectively on time, on budget and to the required outcome	Core (R1) Fraud Risk	Complete December 2014.	1 & 7

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Excellent: Deliver cost effective, targeted, services that meet the identified needs of our community				
All	The Better Care Fund To understand the governance, finance and risk management arrangements agreed to deliver the Better Care Fund from 1 April 2015	Cross Cutting	Work in progress.	5 & 6
All	Continuous Auditing and Assurance To further develop and embed computer assisted processes that provide ongoing audit and management assurance		Completed as part of the Financial Systems work.	1
All	Contract Management To assess whether a sample of contracts are being effectively managed	Cross Cutting Fraud Risk	Refer to Parking Enforcement, various contracts in Transport and Highways services and Waste Management jobs.	1 & 3
All	Corporate Procurement Team To assess whether the Corporate Procurement Team is appropriately staffed and operating in a manner that complies with statutory requirements and recognised good practice.	In year risk Core	<ul style="list-style-type: none"> • Feedback as been provided as required as the service review has been undertaken. • Contract letting reviews: Summary draft report produced. 	1
PL	Contract Letting To provide a critical challenge to the process as three contracts are being prepared to go out to tender	New Core	<ul style="list-style-type: none"> • Waste Collection: Completed June 2015 • Highways / Parking Enforcement. No work undertaken to date given the involved of the Interim Head of Procurement. 	1
All	Contract Management To assess whether a sample of contracts are being effectively managed	New Core	<ul style="list-style-type: none"> • Family Mosaic: Work in progress • Facilities Management: Work in progress 	1
PE	Procurement Review Group Requests To consider requests to grant exceptions to tendering requirements in line with the criteria set out in Contract Procedure Rules	Cross Cutting	Responded to 14 requests between April 2014 and March 2015.	1 & 3

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PL	<p>Local Transport Plan, A127 and Pothole Repair Grants</p> <p>To certify, in all significant respects, that the conditions attached to the grant have been complied with</p>	Grant Claim	Completed September 2014.	3
CS	<p>ICT Asset Procurement</p> <p>To assess whether the procurement of ICT equipment and software is well planned to ensure value for money</p>	Core Fraud risk	Completed May 2015.	1
CS	<p>ICT infrastructure</p> <p>To assess whether the ongoing management of ICT fixed assets ensures the ICT infrastructure meets the Council's service needs</p>	Core	<p>Agreed to postpone this audit until 2015/16.</p> <p>This has been replaced with the Third Party Hosting review, see below.</p>	1
CS	<p>Third Party Hosting</p> <p>To evaluate whether services hosted with third parties are effectively planned and managed.</p>	Core	Work in progress.	1
CS	<p>IT Service Changes Benefits Realisation</p> <p>To assess whether there is evidence the new structures and processes are at an early stage delivering the required improvements in service outcomes</p>	Core	Draft report produced.	1
CS	<p>End User Devices Strategy</p> <p>To assess the robustness of design and implementation of the IT End User Device Strategy framework designed to ensure key risks are managed.</p>	Core	Completed June 2015.	1
All	<p>Working with the Counter Fraud & Investigation Directorate</p> <p>To work collaborately where an investigation identifies the need for an audit of an activity to ensure control weaknesses are properly mitigated or proactively on audits in the plan that are considered to be high fraud risks.</p>	Cross Cutting	<p>Internal Audit has collaborated with the Counter Fraud & Investigation Directorate on four cases during 2014/15.</p> <p>Supported one planned proactive fraud job on contracts by analysing payments to third parties to provide a focus for further work.</p>	1 & 3

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Implementing Action Plans				
Excellent: Deliver cost effective, targeted, services that meet the identified needs of our community				
All	<p>Reports to be followed up To check that actions agreed have been implemented, properly, in a timely manner.</p>	Core	<ul style="list-style-type: none"> • Disabled Facilities Grants: Completed November 2014. • Public Health Contract Management: Completed November 2014. • Parking Management Schemes: Completed April 2015. • Southend Adult Community College: Not Completed. • Social Care Debt: Completed June 2015. • Key financial system audits: Completed May 2015 – see 2014/15 reports. 	1 & 3
Managing Delivery of the Audit Plan				
	Audit Planning, Resourcing			
	Managing Contractor Work			
	Reporting to Management Team and Audit Committee			
	Contingency			
Schools Audit Programme				
PE	<p>Full Audits covering finance, management and governance To assess whether effective arrangements are in place to develop and implement a suitable strategic framework as well as organise, manage and control the specified activities</p>	Fraud Risk	<p>21 schools audited of which:</p> <ul style="list-style-type: none"> • 15 reports have been finalised • 2 draft reports have been issued to schools • 4 draft reports produced. 	8

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PE	<p>Reports to be followed up will be determined on the conclusion of the full audit undertaken at each school in the 2013/14 audit plan.</p> <p>To check that recommendations made have been implemented, properly, in a timely manner.</p>		<p>Eight schools have been re-visited of which:</p> <ul style="list-style-type: none"> • 5 reports have been finalised • 3 draft reports produced • 2 were deleted from the programme. 	8
PE	<p>Schools buying and selling using eBay and PayPal</p> <p>To provide advice on the controls needed to ensure purchases and sales through eBay and associated financial transactions using PayPal are secure, appropriate and value for money</p>	Fraud Risk	<p>Completed August 2014. Feedback provided to the Schools Finance Manager on the proposed arrangements. This feedback will form part of guidance issued to all schools.</p>	1, 3 & 8
Ad Hoc Work / Consultancy Work				
PE	<p>Contract Procedure Rules / Procurement Toolkit</p> <p>To contribute to the update of the Contract Procedure Rules and Procurement Toolkit as required</p>	Cross Cutting	<p>Initial feedback provided October 2014 on first draft Contract Procedure Rules.</p>	1
CS	<p>Financial Regulations</p> <p>To contribute to the update of aspects of the Financial Regulations</p>	Cross Cutting	<p>Inserts covering Internal Audit, Anti Fraud and Corruption, Risk Management and Audit Committees have been produced.</p>	1
PE	<p>Critical challenge of new Contract Letting and Management Framework</p>	Cross Cutting	<p>Critical friend challenge is being provided as the various aspects of the arrangements are being developed.</p>	1
PE	<p>Chase High School</p> <p>To contribute to the due diligence work as the school converts to academy status.</p>		<p>Provided information and attended meetings as requested as part of this process.</p>	
South Essex Homes				
PE	<p>Annual Audit Plan</p>		<p>Audit Plan substantially delivered.</p>	3

Audit Plan Definitions

Departments:

- CS: Corporate Services
- PE: People
- PH: Public Health
- PL: Place

* **Core work** means those service activities that score as high risk (i.e. risk level 1 or 2 out of 4) from an audit perspective based on the criteria set out in the Internal Audit Strategy.

Corporate Risk Numbers (where numbers are missing, no planned audit coverage in 2014/15)

- 1 Balanced budget
- 3 Reputational damage
- 5 Financial implications of legislation and policy changes
- 6 Impact of health service reforms
- 7 Stalling regeneration
- 8 School Inspection Regime
- 10 Single Inspections for Children's Social Care